

BEPS Actions implementation by country

Action 1 – Digital services

On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines.

It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected implementation and timing of the proposals under Action 1 by territory.

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Country	Notes on implementation	Expected timing	Last reviewed by Deloitte
Argentina	Not yet known.	Not yet known	August 2017
Australia	The law imposing GST on supplies of digital products and other imported services by nonresidents to Australian customers has been enacted.	Taxable supplies attributable to tax periods starting on or after 1 July 2017	July 2017
Austria	The EU VAT directive applies and is implemented into domestic law.	1 January 2015	March 2017

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Belgium	The EU VAT directive applies and is already implemented into domestic law. The government will assess whether the income tax rules need to be adapted.	1 January 2015	May 2017
Brazil	Not yet known. There are a few rulings and decisions related to downloaded software. It should be noted that VAT legislation in Brazil is enacted by the states, which creates issues related to uniformity and consistency.	Not yet known	July 2017
Canada	There are no specific legislative changes to date as a result of the BEPS project.	N/A – no specific actions	July 2017
China	No action currently is expected in relation to Action 1, but the tax authorities (SAT) and other government agencies are studying potential ways to tax the digital economy.	N/A	July 2017
Czech Republic	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	April 2017
Denmark	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	April 2017
Estonia	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	July 2017
Finland	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	May 2017
France	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	May 2017

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Germany	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	July 2017
Greece	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	May 2017
Hong Kong	Hong Kong does not impose VAT. The tax authorities (IRD) intend to issue a Departmental Interpretation and Practice Note (DIPN) on the digital economy.	Not yet known	July 2017
Hungary	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	April 2017
Iceland	Not yet known	Not yet known	June 2017
India	<p>An equalisation levy (an amount to be withheld on payments for online advertising to be deposited in the government exchequer) has been introduced at a rate of 6% on the amount of consideration for “specified services” received by a nonresident that does not have a PE in India. Specified services for these purposes means online advertising or the provision of digital advertising space or any other facility or service for the purpose of online advertisement, or any other service as may be notified by the central government.</p> <p>Service Tax provisions relating to Online Information and Database Access or Retrieval (OIDAR) services have been amended:</p> <ul style="list-style-type: none"> • The scope of OIDAR services is broadened. • Cross-border OIDAR services provided by a person in another territory other than India and received by a person in India fall within the scope of the service tax. 	<p>1 June 2016</p> <p>1 December 2016</p>	<p>May 2017</p>

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- OIDAR services provided by a person in another territory other than India to a nontaxable recipient in India, such as a government or an individual, for purposes other than business also are subject to service tax. The liability to collect and discharge the service tax obligation in such cases is on the overseas service provider on its own account or via a representative appointed in India.

Where a nonresident intermediary arranges or facilitates the provision of such services (except on its own account), the intermediary will be subject to service tax in India.

Special rules relating to compliance (registration, invoicing, and returns) apply persons located outside India.

Indonesia	Not yet known.	Not yet known	July 2017
Ireland	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	March 2017
Israel	<p>The VAT Authorities have issued a circular setting out the circumstances in which foreign corporation providing electronic services in Israel will be required to register with the Israeli VAT authorities.</p> <p>The VAT authorities are discussing the possibility of imposing VAT on electronic transactions between Israeli and non-Israeli residents, and the Ministry of Finance is considering the creation of a designated registry under which foreign businesses providing digital services to Israeli individual consumers would be required to register.</p>	Not yet known	April 2017
Italy	The amended EU VAT directive has been implemented into domestic law.	1 January 2015	May 2017

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Japan	This issue was addressed in the 2015 tax reform and certain inbound digital services are now subject to Japanese VAT.	1 October 2015	May 2017
Luxembourg	The EU VAT directive applies and is implemented into domestic law.	1 January 2015	March 2017
Mexico	Not yet known.	Not yet known	March 2017
Netherlands	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	May 2017
New Zealand	Legislation extending the New Zealand goods and services tax (GST) to certain cross-border services has been enacted. The government is still assessing options for imposing GST on cross-border low value goods.	1 October 2016 Not yet known	June 2017
Norway	Norway already has legislation that requires non-resident suppliers of digital services to Norwegian private customers to collect VAT on the service rendered.	N/A	August 2017
Poland	The EU VAT directive applies and is already implemented into domestic law.	Already implemented	May 2017
Portugal	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	July 2017
Russia	Nonresident suppliers of electronic services are required to register for VAT and charge Russian VAT on services provided to Russian	1 January 2017	July 2017

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individual customers.

Saudi Arabia	VAT will be introduced in Saudi Arabia on 1 January 2018.	N/A	May 2017
Singapore	In budget 2017, the government announced a consultation with businesses on changes to be made to the GST regime with respect to the inbound supply of digital services, potentially on low value imports and the introduction of a reverse charge mechanism.	Not yet known	August 2017
Slovakia	The EU VAT directive applies and is already implemented into domestic law. Slovakia intends to require the taxation of income from services rendered via digital platforms.	1 January 2015 Planned for 1 January 2018	August 2017
Slovenia	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	March 2017
South Africa	South Africa's VAT Act was amended with effect from 1 April 2014 to require an enterprise rendering certain electronic services to register as a VAT vendor in South Africa and charge VAT on the supply of the services. Services include e-books, films and music. It was proposed that certain amendments will be made to the list of electronic services which is expected to be promulgated towards the end of the 2017 calendar year. These additions include software, services through online applications and cloud computing services.	Not yet known	June 2017
South Korea	Nonresident vendors that supply electronic services to Korean consumers must register with the Korean tax authorities and charge VAT.	1 July 2015	April 2017

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Spain	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	May 2017
Sweden	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	July 2017
Switzerland	Not yet known.	Not yet known	February 2017
	Turkey has enacted rules that require internet service providers, banks, internet advertising agencies, and cargo and logistics service companies in the country to submit information on a monthly basis about their transactions with Turkish customers (individuals and companies). Information on digital sales of goods and services, as well as payments internet advertising and logistics services, must be submitted to the Data Collection Centre of the tax authorities.	1 July 2016	
Turkey	The VAT rules are expected to be expanded to cover digital sales. A provision added to the Tax Procedures Code that authorises the Council of Ministers to determine the extent of withholding tax for parties or intermediaries in taxable transactions, regardless of whether (i) the recipient of the payment is a taxpayer; (ii) taxpayers or intermediaries of the payments are obliged to withhold tax; (iii) the payment relates to the trading of goods or services; (iv) the transaction is digital; or (v) the payment is deducted from tax base. The withholding tax rates must be within the minimum and maximum limits as specified by the relevant Tax Codes with respect to business groups, types of transactions, sectors and commodity groups. However, the withholding tax rates to be applied have not been announced yet by the Council of Ministers.	Not yet known 7 September 2016	June 2017

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United Kingdom	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015	May 2017
United States	The US does not have VAT and there are no proposals to introduce a VAT.	N/A	March 2017



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